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For Immediate Release

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Review of Production System of Automotive Products Business in China (Closure of Factory, Etc.)

Okabe Co., Ltd. ("the Company") announces that it has decided today to review the production system in the manufacture and sale business of automotive products operated by Changxing Water Gremlin Non-Ferrous Co. Ltd. ("Changxing Water Gremlin Non-Ferrous"), a consolidated subsidiary (a local subsidiary in China) of the Company, and close its factory in China.

In the future, automotive products will be supplied to the Chinese market from a U.S. factory of Water Gremlin Company, a consolidated subsidiary and a local subsidiary in the United States of the Company.

1. Reason for the factory closure, etc.

While Changxing Water Gremlin Non-Ferrous has been working to achieve profitability since it began the manufacture and sale business of car battery terminals in China in 2013, it has continued to record an operating loss. Given that it has proved difficult technically with the present facilities to manufacture products for which demand is expected in the future in the Chinese market, the prospect for restoring profitability has become unlikely.

Under these circumstances, the Company has decided to close the factory without making an additional capital investment.

Going forward, the Company will continue to meet customer needs in the Chinese market by exporting and selling products from the U.S. factory of Water Gremlin Company, a consolidated subsidiary and a local U.S. subsidiary of the Company.

2. The subsidiary in question

(1) Overview of the subsidiary in question

(1)	Trade name	Changxing Water Gremlin Non-Ferrous Co. Ltd.
(2)	Location	Changxing Economic and Technological Development Zone, Changxing Zhejiang, China
(3)	Representative	President, Junya Inoue
(4)	Main business	Manufacture and sale of car battery terminals
(5)	Capital	15,000,000 U.S. dollars

(6)	Investment ratio of the Company	100% (Indirect ownership through Okabe Holding USA, Inc., a wholly owned subsidiary of the Company)

(2) Operating results of the subsidiary in question

(Thousand U.S. dollars)

	FY2015/9	FY2016/9	FY2017/9
Net sales	1,362	980	1,536
Operating loss (△)	△1,896	△2,041	△2,377

3. Schedule of the factory closure

The Company will close the factory by the end of the current consolidated fiscal year after adjustments with the local authorities, etc.

4. Future outlook

We expect extraordinary losses such as losses on disposal of assets and employees dismissal expenses to be generated associated with the factory closure, and their amounts are under close examination. However, they could be recorded in the current consolidated fiscal year. Meanwhile, the operating loss of Changxing Water Gremlin Non-Ferrous is expected to improve as a result of the closure of the factory.

This matter will not result in a revision to the Company’s consolidated results forecasts.